REVIEW OF ALBERTA'S HOME RENOVATION INDUSTRY

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TABLE OF CONTENTS

		Page
LIST OF FIGURES		iii
EXECUTIVE SUMMARY		v
1.0	INTRODUCTION	1
1.1	Objectives of the Survey	1
1.2	Scope and Focus	1
2.0	APPROACH	6
2.1	Survey Plan	6
2.2	Survey Implementation	8
	Analysis	9
3.0	FINDINGS & OBSERVATIONS	10
3.1	Response to the Survey	10
3.2	Structure of the Industry	11
3.2.1	Overview	11
3.2.2	Nature and Type of Business	13
3.2.3	Importance of Renovation Work to Businesses	15
3.2.4	Average Size of Home Renovation Job	16
3.2.5	Volume of Renovation Work	19
3.2.6	Number of Years in the Home Renovation Business	22
3.2.7	Previous Business	24
3.2.8	Size of Business by Number of Full & Part Time Employees	24
3.2.9	Amount of Work Sub-Contracted & Amount Done by Own Forces	25

		Page
3.3	The Market	26
	3.3.1 Marketing	26
	3.3.2 Action Taken to Stimulate Renovations, Market Strategies	28
	3.3.3 Market Share	29
	3.3.4 Changing Market Trends	32
	3.3.5 Spec Renovations	34
	3.3.6 Made in Alberta Products	35
	3.3.7 Methods of Financing Renovations	36
	3.3.8 Need for Market Information	36
3.4	Pricing	38
	3.4.1 Estimating Prices	38
	3.4.2 Set Price or Cost Plus	40
	3.4.3 Plans and Specifications	42
	3.4.4 Do-it-Yourself Homeowners, Contractors, and Subtrades	44
	3.4.5 Renovations v.s. New Home Construction	46
	3.4.6 Renovations v.s. Upgrading	47
	3.4.7 Sources of Trades Business	48
	3.4.8 Owner Occupied and Rental Occupied Unit	49
3.5	Government Involvement in Home Renovations	50
	3.5.1 Government Involvement to Assist and Encourage Renovations	50
	3.5.2 Role of Government in Home Renovations	53
3.6	Regulatory Constraints	57
	3.6.1 Building Codes in Renovations	57
	3.6.2 Zoning Bylaws in Renovations	58
	3.6.3 Municipal Related Problems	58
	3.6.4 Building Permits	59
3.7	Renovation Industry Problems	60
4.0	CONCLUSIONS	64
APPENDIX:	List of Respondents	69

LIST OF FIGURES

		Page
Figure 3.2.4a	Size of Job in Terms of Dollars Home Renovation Contractor	17
Figure 3.2.4b	Size of Job in Terms of Dollars New Home Contractors	18
Figure 3.2.4c	Size of Job in Terms of Dollars Home Renovation Trades	18
Figure 3.2.5a	Increasing Renovation Business for Building Material Suppliers	19
Figure 3.2.5b	Annual Dollar Volume of Business for Building Material Suppliers 1981, 1982, 1984	20
Figure 3.2.5c	Annual Dollar Volume of Business for Home Renovation Contractors 1981, 1982, 1984	21
Figure 3.2.5d	Annual Dollar Volume of Business for New Home Contractors 1981, 1982, 1984	21
Figure 3.2.5e	Annual Dollar Volume of Business for Renovation Industry Trades 1981, 1982, 1984	22
Figure 3.2.6a	Number of Years in the Home Renovation Business	23
Figure 3.3.6a	Percentage of Total Sales of Made in Alberta Products	35
Figure 3.3.7a	Information Required on the Renovation Market	37
Figure 3.4.1a	Estimating Practices	39
Figure 3.4.2a	Set Price Contracts	41
Figure 3.4.2b	Cost Plus Contracts	42
Figure 3.4.3a	Plan and Specification Preparation	43
Figure 3.4.4a	Do-it-Yourself Homeowners, Conractors and Subtrades	45
Figure 3.4.5a	New Home Construction vs. Renovations	46
Figure 3.4.6a	Renovation v.s. Upgrading	47
Figure 3.4.7a	Percentage of Business Acquired from Renovation Contractors as Compared to Do-It-Yourself Homeowners	48

		Page
Figure 3.4.8a	Owner Occupied and Rental Occupied Units	49
Figure 3.5.1a	Government Involvement to Assist and Encourage Renovations	52
Figure 3.5.1b	Reasons for Non-Government Involvement	53
Figure 3.5.2a	Roles of Government in Renovations	56

EXECUTIVE SUMMARY

The major objectives of this study were to develop an understanding of the market and activity of contractors, trades and retail building material suppliers in the home renovation market, to identify future market trends in the home renovation industry, and to survey the key actors in the industry to determine their attitude towards renovations and possible assistance to encourage renovations. Key findings are summarized below:

Background and Structure of the Industry

The survey of 156 firms in Alberta, upon which this study is based, revealed how the industry is structured and how firms carry on their businesses. The renovation industry is growing and developing in Alberta. Many of the businesses in the renovation industry are young and still acquiring experience. The industry is slowly organizing itself and defining its role in the broader construction industry in Alberta. These firms varied in size according to their gross sales, ranging from under $10,000 worth of gross sales to those over a million dollars per year.

The contractors surveyed do every type of home renovation job possible - additions, remodelling, recreation rooms, larger custom additions, kitchens, bathrooms, new exteriors, and small jobs - handyman type repairs.

The new home contractor is becoming more involved due to the slow down and more competitive nature of the housing industry.

Since 1981, the average size of the average renovation job has been $10,000 or less. The new home contractor is finding that this amount is presently increasing to over $10,000.

The renovation contractor and the new home contractor subcontract as much of the job as possible.

The Market

Most firms surveyed do marketing to acquire new work. They have found the market is expanding, and are actively pursuing a larger market share. The size of the average renovation is becoming larger; people are spending more money today on renovations. Few contractors today are involved in spec renovations.

Word of mouth referrals from previous customers, friends, architects, and other contractors are the single most important source of new work for the home renovation contractor.

The number of Alberta made products used in renovations is not significant.

Renovations in Alberta are financed by way of mortgages, cash from savings, government grants and personal loans.

All those active in the renovation industry have a need to acquire new market information on the renovation industry.

Pricing

Contractors and trades depend upon accurate plans and specifications upon which to base their quotations. A set or fixed price contract is preferred by most contractors and trades.

Government Involvement

The majority of renovation contractors, building material suppliers and trades thought the government should stay involved or become more involved to assist and encourage renovations. The new home contractors and industry organizations thought the government should specifically limit their involvement to such things as mortgage insurance.

There are few regulatory constraints that hinder renovations today, however, it was noted that building inspectors not sufficiently familiar with renovations often impose onerous requirements.

Renovation Industry Problems

Many problems face those active in the renovation industry today, such as business management, finding work, public education regarding construction costs, cash flow and financing, availability of appropriately skilled labour, a lack of understanding of the home renovation industry, developing a track record, estimating and bidding a renovation job, getting paid by customers, special custom order, and non-standard construction materials.

General Conclusion

Today home renovation contractors are taking their place on the construction scene in Alberta along side new home builders. The formation of local and provincial organizations of renovators within the structure of the Alberta Home Builders Association is a clear indication of growing maturity.

1.0 INTRODUCTION

In July 1984 the Alberta Department of Housing commissioned a study on the overview of the home renovation industry in Alberta. The study focused on industry organizations, building material suppliers, home renovation contractors, new home contractors involved in the renovation business, and renovation industry trades.

1.1 Objectives

The objectives of the study were as follows:

- to develop an understanding of the market and activity of contractors, trades, and retail building material suppliers in the home renovation market;
- to identify future market trends in the home renovation industry; and
- to survey key actors in the industry to determine their attitude towards renovation and possible assistance to encourage renovation.

1.2 Scope and Focus

The study examined the renovation industry in Alberta in the following centres: Edmonton, Calgary, Red Deer, Lethbridge, Medicine Hat, Grande Prairie, Edson, Ft. McMurray.

Five major components of the renovation industry in Alberta were studied:

- industry organizations,
- building material suppliers,
- renovation contractors,
- new home contractors, and
- construction trades.

1.2.1 The following issues were investigated through industry organizations and building material suppliers.

- materials used by the key actors in the renovation industry,
- key actors' attitudes towards home renovation, particularly attitudes of new home builders and trades that traditionally were involved in new home construction,
- perceived major problems in the home renovation industry,
- an estimate of the renovations on owner occupied dwellings compared to rental accommodation,
- industry attitudes towards the use of government programs to assist and encourage renovation,
- industry's estimates of how renovation work is split between do-it-yourself homeowners, contractors, subtrades,
- an estimate of past activity (1981 to present) and market trends in short-term and in long-term - how are sales? who makes up the suppliers' market? future projects?
- an estimate of the percent of products made in Alberta, and,
- industry's requirements for market information that is currently not available.

1.2.2 The following characteristics and business practices of home renovation contractors were investigated:

- typical home renovation jobs the contractor has carried out and is currently carrying out,
- past and present annual volume of business,
- past and present size of company including number of employees,

- typical parts of the work which are subcontracted, and
- length of time in the renovation business - what was their previous business?
- typical range of costs of renovation jobs and breakdown - mostly small jobs? mostly larger jobs?
- new/renovation construction split and estimate of the renovation market share for each renovation contractor interviewed,
- material/labour split on new and renovation jobs,
- an estimate of past activity and market trends,
- attitudes toward and use of government programs to assist and encourage renovation,
- methods of homeowner financing, if known,
- requirements for and use of building permits,
- regulatory constraints - codes, setback requirements, etc., and
- renovation contractors' need for market information that is currently not available.

1.2.3 The following characteristics and business practices of new home contractors were investigated:

- the extent of their activity, if any, in home renovation and percentage of home renovation work compared to overall business,
- typical costs of renovation jobs, if applicable,
- past and annual volume of business,
- new/renovation construction split,
- past and present size of company including number of employees,
- typical parts of the work that are subcontracted,
- material/labour split on renovation jobs,

- home builder's interest in pursuing more of the home renovation market,
- an estimate of home renovation market trends,
- attitudes toward and use of government programs to assist and encourage renovation,
- requirements for and use of building permits,
- regulatory constraints - codes, setback requirements, etc., and
- new home builders' need for market information that is currently not available.

1.2.4 The following renovation issue were investigated through construction trades. (Trades include concrete installers, cribbers and finishers, framers, finishers, siding applicators, plumbers, electricians, drywallers, eavestroughers, cabinet installers, landscapers, fencers, roofers, stucco applicators, painters, floor layers.)

- type of renovation jobs each trade does,
- estimate of costs of the typical home renovation jobs for each trade,
- material/labour split of the typical home renovation jobs for each trade,
- an estimate of the split between new and renovation construction for each trade,
- an estimate of the type and amount of work done by the do-it-yourself homeowners compared to that done by contractors,
- an estimate of market trends for each trade,
- trades' attitudes toward use of government programs to assist and encourage renovation,
- split between new construction and home renovation,
- means of obtaining the job - how is marketing done?

- requirements for and use of building permits,
- regulatory constraints - identify codes that may hinder projects and affect cost, and
- trades' need for market information that is currently not available.

2.0 APPROACH

The review of Alberta's renovation industry was carried out through a number of surveys of the key components of the renovation industry mentioned earlier. Details of the survey are outlined in the following paragraphs.

2.1 Survey Plan

It was decided that three instruments would be used to carry out the survey. The first was a mail out questionnaire that was sent to more than 700 industry organizations, building material suppliers, home renovation contractors, new home contractors and construction trades. The questionnaire was very detailed, up to eight pages in length for some of the above groups. It was designed to determine an understanding of the market and activity of each in the home renovation industry, to identify future market trends in this industry, and to determine their attitude toward renovations and possible assistance to encourage renovations. The detailed written response to the questionnaire was to aid in this analysis. The personal and telephone interviews were conducted to clarify some of the details returned in the written questionnaires, to have various groups respond to the questionnaire where the sample had limited responses (e.g. few written responses came from many trades such as electricians, plumbers, carpenters, etc., so telephone and personal interviews were conducted to have a better representative sample from this group), to go into more detail than many of the one line written responses on the questionnaire, to verify many of the percentages given to many of the questions, and to urge respondents to complete and return the questionnaire.

The written questionnaire was mailed out with a covering letter that outlined the study objectives. Each receipient

was informed that the information collected from each firm from the questionnaire would be kept strictly conifential, and the report analyzing the results of the survey would present information in an aggregated form such that the readers would not be able to identify the responses of the individual repsondents by name. The questionnaires were mailed to the selected centres mentioned earlier.

It was decided that different questionnaires should be developed for each of the groups surveyed. Industry organizations represent member contractors, suppliers and trades. They do not physically carry on renovation work, so a questionnaire was designed specifically for them. Building material suppliers in many instances were very large and in some cases national companies with extremely large sales volumes. The information required was of a different nature than of the other groups. Home renovation contractors were defined as those who have been in the business for at least a year, and new home contractors were those just entering or about to enter the renovation business. Typical trades were determined that were involved in each type of home renovation and typical home improvements and major home maintenance tasks for each trade were tested.

A list of respondents in each of the five categories above was prepared to be surveyed in the following three designated areas: Edmonton, Calgary, and other cities. A survey plan was developed including a questionnaire and sampling plan to survey the members of each of the above categories.

The following table outlines the total number of questionnaires sent out, and the total number received from each group:

	Number Sent Out	Responses
Industry organizations	16	10
Building material suppliers	170	28
Home renovation contractors	120	33
New home builders	175	44
Trades	300	41
Less questionnaires returned because of relocation, or respondents no longer in business	(130)	
TOTAL	651	156

The response rate for the questionnaire was 156 of the total of 651, or 24% and the sample is not statistically representative. Some of the difficulties in obtaining a representative sample were as follows:

- many contractors and construction trades were small operations and did not have the time to fill out questionnaire;
- many did not have the information required about their business;
- the vast number of contractors, suppliers, and construction trades in the province and which ones to approach; and
- regional variations across the province in the home renovation market.

The results have provided some initial indicators of the characteristics of the home renovation industry.

2.2 Survey Implementation

After allowing approximately two weeks for the receipt of the

written questionnaire, all firms that had not returned it were telephoned and reminded to complete and return it. Personal interviews were arranged and combined with eventual telephone interviews, comprised in excess of 30% of the total respondents of this survey.

All of the personal interviews and telphone interivews were conducted with the manager or owner of each firm. All of the mailed questionnaires were directed to the attention of the owner, and if his name was not known, to the attention of the general manager.

Although the firms that were interivewed were often difficult to reach by telephone, there was usually little difficulty in making arrangements for interviews, providing a sufficient amount of flexibility was allowed in scheduling.

2.3 Analysis

The results of the survey were tabulated manually and are presented in the subsequent chapters of this report.

3.0 FINDINGS AND OBSERVATIONS

3.1 Response to the Survey

The response rate to the survey can be summarized as follows:

industry organizations	10
building material suppliers	28
home renovation contractors	33
new home builders	44
trades	41
TOTAL	156

Of the 16 industry organizations that were mailed questionnaires and were interviewed, only ten of these were returned or 63%. However, only six of these ten of the total completed the questionnaire. They were the Canadian Home Builders Association (CHBA), Alberta Home Builders Association, and the local chapters in Edmonton, Red Deer, amd Lethbridge, and the Canadian Portland Cement Association.

The response rate for building material suppliers was 20%, for home renovation contractors 33%, for new home builders 31%, and construction trades 16%. (See Appendix for list of respondents.)

The findings and observations of this survey pertain to the sample which is not statistically representative. However, the intent of this survey was to carry out an exploratory investigation and the results have given an indication of the characteristics of the home renovation industry.

3.2 Structure of the Industry

3.2.1 Overview

In Alberta, the home renovation industry is very young, fragmented, and unorganized as an industry. It is not an easily identified entity as is new home construction industry. At the present time, the industry has no organized voice to raise its concerns to government or to respond to enquiries about the operation of the industry. The survey found that the Alberta Home Builder's Association (formerly HUDAC Alberta Council) has just begun to organize local home renovation councils.

In terms of structure, the home renovation industry in Alberta is composed of a network of firms of various sizes and purposes which come together to perform the function of renovating homes. Industry organizations, building material suppliers, home renovation contractors, new home contractors, and trades all have roles to play. The focus over the past few years has shifted away from the do-it-yourself homeowner to the home renovator, new home contractors, and trade contractor. The firms vary in size from those doing over $10,000 worth of gross sales to those making sales over a million dollars annually. Many of the firms are very young, being in business less than two years, although there are firms with over a decade of experience. Home renovators come from a varied background in terms of prior education and occupation; although some renovators have backgrounds as tradesmen, many have had college or university training and have worked in management and professional capacities.

Those who participated in the survey revealed some of the main characteristics of the operation of their firms, including how they obtained their jobs. The firms defined the size of job and annual volume of business they would undertake.

In getting a job, the home renovators rely heavily on establishing good relations with potential customers and exercise a keen eye in preparing estimates. Word of mouth referrals from previous customers, friends, architects, and other contractors are the single most important source of new work for the renovation contractor. Several renovators engage in advertising, and also use flyers, signs, yellow pages, newspaper advertisements, etc. Marketing may get the renovation contractor in the customer's door, but it will be the suitability of the estimate and the degree of confidence the customer can place in the firm that will determine whether he gets the job. Unfortunately, say those surveyed, not very many customers are knowledgeable about renovations. A large part of renovator's customer relations efforts is customer education. Most of those surveyed prepare the plans and specifications from which estimates are quoted, to eliminate previous problems where the customer would ask for bids from contractors without a common set of plans and specifications, resulting in a set of bids which are not based on equal design, work, labor, or materials.

The Alberta renovation industry is one which is slowly evolving an identity as its member firms become more established and the linkages that exist among the contractors, suppliers, designers, and customers

become more institutionalized and better understood. Home renovation contractors are taking their place on the construction scene in Alberta along side new home builders. The formation of local and provincial organizations of renovators within the structure of the Alberta Home Builder's Association is a clear indication of growing maturity.

3.2.2 Nature and Type of Business

The nature and type of business of those involved in the Alberta home renovation industry varies greatly. The industry organizations surveyed were mainly various associations of the Canadian Home Builder's Association. The member firms are made up of all firms who manufacture, supply, install, build, develop land, lend money, or contribute in any way to the supply of any form of housing in Canada. The building material suppliers who responded to the questionnaire were made up of suppliers (50%), manufacturers (25%), suppliers and manufacturers (13%), and builders/developers/ contractors (12%). The majority, 54%, of the building material suppliers were local organizations, 28% were national and 18% were provincial. The building material suppliers surveyed supply all of the products and materials required to construct any type of housing dwelling, such as lumber, insulation, nails, rebar, finishing materials, roofing materials, siding, weeping tile, eavestroughing materials, plumbing supplies, heating supplies, electrical supplies, drywall supplies, paint, flooring, cabinets, exterior stucco, fireplace and accessories, windows, major appliances, etc.

The nature of business of the typical home renovation contractor is quite extensive, including

- additions, such as rooms, second stories,
- bathroom and kitchen remodelling, cabinetry,
- changing doors and windows,
- finishing basements,
- remodelling stairways and railings,
- installing siding, soffits, fascia, sun decks, stucco, eavestroughs, roofing,
- upgrading or remodelling older homes, including restoration,
- garages,
- interior repair work, handy man work, drywalling, finishing, plastering, painting,
- spa and swimmng pool additions, and
- concrete work and framing.

It can be easily concluded that the home renovation contractors surveyed collectively do every type of home renovations possible.

The nature of renovation business of the new home contractor in the renovation industry is very similar to the home renovation contractors, consisting mainly of additions, remodelling, recreation rooms, larger custom additions, kitchens, bathrooms, new exteriors, and small jobs - handyman type repairs. Generally, they will quote and take on any job.

3.2.3 Importance of Renovation Work To Businesses

The importance of renovations to the firms surveyed varies greatly. Overall, six out of seven of the industry organizations surveyed thought home renovations were important to their members. Three out of seven believed that home renovations were becoming important, and two our of seven thought home renovations were extremely important.

The building material suppliers are finding renovations more important to their businesses today than in the past. Six out of seven believed renovation work to be important, and of these, two thought home renovations were becoming more important, and four thought they were very important to their business. Many of the building material suppliers are looking at the renovation market in Alberta as a substitute for lost new home sales due to the overall slowdown of the housing industry. The home renovations market is being pursued quite competitively by building material suppliers today. The majority of business of 55% of the building material suppliers is related to home renovation work.

Obviously, to the home renovation contractor, renovations are a major part of their business. Of those surveyed, 24% of home renovation contractors were doing more than 50% of their volume in new home construction over the past year.

Renovation business is becoming much more important to the new home contractor. A comment made by some of the smaller local Alberta Home Builder's Association contractors is that home renovations are the only means of survival for many new home contractors today, due to the depressed state of the home building industry. Of the new home contractors surveyed, 56% were not in the home renovation business in 1981, and 44% were not in the business in 1982. Of those surveyed, 100% are in the business today.

Home renovation business is becoming more important to trades as well. Most of the dollars spent on home renovations are spent through the trades. In the past, most renovation business done through the trades has been contracted directly with the do-it-yourself homeowner. Much renovation work today is contracted to the trade by the renovation contractor. Many new trade businesses are becoming involved in the renovation business today. Trades that worked solely for the new home contractor in the past, are now entering this new industry with their new home contractor associates.

3.2.4 Average Size of Home Renovation Job

Home renovation contractors, new home contractors, and home renovation trades were asked to give the average size of job in terms of dollars for 1981, 1982, and today. The response from the home renovation contractor was that 70% of them worked on jobs of $10,000 or less in 1981, 1982, and today.

In 1981, and 1982, 56% and 44% of the new home contractors were not yet involved in home renovations. All are today. In 1981 and 1982, 37% of new home contractors involved in the renovation industry worked on jobs between $2,500 and $20,000. The average job was $10,000 to $15,000. Today, 69% of new home contractors work on jobs that have a value between $2,500 and $20,000. 38% work on jobs between $10,000 and $20,000. 24% focus on jobs over $20,000 in value.

The size of the average renovation job for renovation industry subtrades for 1981, 1982, and today, is between $500 and $5,000. (1981 - 77% of trades, 1982 - 80% of trades, today - 87% of trades). It should be noted that the average size of renovation jobs has been increasing since 1981.

The following tables summarize average size of job for home renovation contractor.

AVERAGE JOB SIZE FOR THE HOME DEMONSTRATION CONTRACTOR

SIZE OF JOB IN TERMS OF DOLLARS	1981	%	1982	%	ESTIMATE FOR 1984	%
0	3	9	2	6		
Up to 2,500	6	18	5	15	3	9
2,501 - 5,000	5	15	7	21	8	24
5,001 - 10,000	10	30	11	33	12	36
10,001 - 15,000	2	6	2	6	3	9
15,001 - 20,000	1	3			1	3
20,001 - 30,000	3	9	3	9	3	9
30,001 - Over	2	6	2	6	3	9
No Response	1	3	1	3		
TOTAL	33		33		33	

Figure 3.2.4a

AVERAGE SIZE OF JOB FOR THE NEW HOME CONTRACTOR

SIZE OF JOB IN TERMS OF DOLLARS	1981	%	1982	%	TODAY	%
0	9	56	7	44		
Up to 2,500						
2,501 - 5,000	1	6.5	1	6.5	2	13
5,001 - 10,000	1	6.5	1	6.5	3	18
10,001 - 15,000	3	18	3	18	2	13
15,001 - 20,000	1	6.5	1	6.5	4	25
20,001 - 30,000			1	6.5	1	6.5
30,001 - Over	1	6.5	1	6.5	3	18
No Response			1	6.5	1	6.5
TOTAL	16		16		16	

Figure 3.2.4b

AVERAGE SIZE OF JOB FOR HOME RENOVATION TRADES

SIZE OF JOB IN TERMS OF DOLLARS	1981	% OF TOTAL	1982	% OF TOTAL	TODAY	% OF TOTAL
Up to $500						
$501 to $1000	6	19	6	19	5	16
$1001 - $5000	18	58	19	61	22	71
$5001 - $10,000						
$10,001 - $15,000					1	3
$15,001 and up	3	10	3	10	2	7
No Response	4	13	3	10	1	3
TOTAL	31		31		31	

Figure 3.2.4c

3.2.5 Volume of Home Renovation Work

The firms surveyed in the Alberta home renovation industry varied greatly by total annual dollar volume of business. Many of the firms surveyed did under $25,000 per year, while others did well over a million dollars. It is interesting to note that in all categories, the total volume of business has been increasing since 1981. In 1981 and 1982, most of the building material suppliers had a dollar volume of under $250,000, attributed to home renovations. Today, many have increased their volume up to between $250,000 and $500,000. Business is increasing by dollar volume for many building material suppliers for a number of reasons as figure 3.2.5a outlines below:

INCREASING RENOVATION BUSINESS FOR BUILDING MATERIAL SUPPLIERS

BUSINESS INCREASING	NO. OF SUPPLIERS	% OF TOTAL
a) People are unable to sell existing homes for reasonable prices so as to buy new homes - they are renovating instead.	7	25
b) People are staying put because of high interest rates, renovating from savings instead.	4	14
c) High replacement costs for new homes causes people to renovate.	2	8
d) Many people want to upgrade rather than move from an areas they like - children settled in school, etc.	1	4
e) Business is decreasing.	6	24
f) No Response.	8	26
TOTAL	28	100%

Figure 3.2.5a

Of those surveyed, 57% of the home renovation contractors have an annual dollar volume today in excess of $100,000, as compared to under 39% in 1981. Only 6% of the new home contractors had an annual volume of renovation business exceeding $100,000 in 1981; this has increased to 44% in 1984. Of those surveyed, 50% of the new home contractors were not in the business in 1981, 44% were not in the business in 1982. The majority of trades have steadily been increasing their annual dollar volume, too. The majority of the trades surveyed do an annual sales volume of over $50,000 in home renovations. Business volumes in home renovations have been increasing steadily since 1981. (See figures 3.2.5b,c,d,e below).

ESTIMATED ANNUAL DOLLAR VOLUME OF BUSINESS FOR BUILDING MATERIAL SUPPLIERS IN RENOVATIONS 1981, 1982, 1984

ANNUAL VOLUME OF BUSINESS IN TERMS OF DOLLARS	1981		1982		1984	
	NO. OF SUPPLIERS	% OF TOTAL	NO. OF SUPPLIERS	% OF TOTAL	NO. OF SUPPLIERS	% OF TOTAL
$0	2	7	2	7		
25,000 & Under	3	11	3	11	3	11
25,001 - 50,000	3	11	1	4	1	4
50,001 - 100,000	4	14	3	11	3	11
100,001 - 250,000	2	7	5	18	1	4
250,001 - 500,000	1	4			6	21
500,001 -1,000,000	3	11	4	14	1	4
1,000,001 & Over	8	29	8	29	11	39
No Response	2	7	2	7	2	7
TOTAL	28		28		28	

Figure 3.2.5b

ESTIMATED ANNUAL DOLLAR VOLUME OF BUSINESS FOR HOME RENOVATION CONTRACTORS, 1981, 1982 1984

ANNUAL VOLUME OF BUSINESS IN TERMS OF DOLLARS	1981		1982		1984	
	NO. OF SUPPLIERS	% OF TOTAL	NO. OF SUPPLIERS	% OF TOTAL	NO. OF SUPPLIERS	% OF TOTAL
$0	3	9	1	3		
25,000 & Under	2	6	2	6	3	9
25,001 - 50,000	4	12	5	15	2	6
50,001 - 100,000	11	33	11	33	9	27
100,001 - 250,000	5	15	6	18	10	30
250,001 - 500,000	5	15	5	15	5	15
500,001 -1,000,000	1	3	1	3	1	3
1,000,001 & Over	2	6	2	6	3	9
No Response	0		0		0	
TOTAL	33		33		33	

Figure 3.2.5c

ANNUAL DOLLAR VOLUME BUSINESS FOR NEW HOME CONTRACTORS IN RENOVATIONS FOR 1981, 1982, 1984

ANNUAL VOLUME OF BUSINESS IN TERMS OF DOLLARS	1981		1982		1984	
	NO. OF SUPPLIERS	% OF TOTAL	NO. OF SUPPLIERS	% OF TOTAL	NO. OF SUPPLIERS	% OF TOTAL
0	8	50	7	44		
25,000 and under	2	13	1	6	2	13
25,001 - 50,000	2	13	3	19	1	6
50,001 - 100,000	2	13	2	13	5	31
100,001 - 250,000	1	6	2	13	7	44
250,001 - 500,000						
500,001-1,000,000						
1,000,000 and over						
No Response	1	6	1	6	1	6
TOTAL	16		16		16	

Figure 3.2.5d

ANNUAL DOLLAR VOLUME OF BUSINESS FOR RENOVATION INDUSTRY TRADES IN RENOVATIONS FOR 1981, 1982, 1984

ANNUAL VOLUME OF BUSINESS IN TERMS OF DOLLARS	1981		1982		1984	
	NO. OF SUPPLIERS	% OF TOTAL	NO. OF SUPPLIERS	% OF TOTAL	NO. OF SUPPLIERS	% OF TOTAL
Up to 10,000	1	3	1	3	2	7
10,001 - 20,000	3	10	3	10	3	10
20,001 - 30,000	2	7	3	10	2	7
30,001 - 40,000	5	16	5	16	6	18
40,001 - 50,000	2	7	1	3	0	0
50,000 and up	13	41	14	45	16	51
No Response	5	16	4	13	2	7
TOTAL	31	100	31	100	31	100

Figure 3.2.5e

3.2.6 Number of Years in the Home Renovation Business

Alberta's home renovation contractors and new home contractors were asked how long they had been involved in the home renovation business. All of the home renovation contractors surveyed have been in the business three years or longer. Of those surveyed, 60% have been involved in the industry from 3 to 5 years, and 78% from 3 to 10 years. This compares with 69% of the new home contractors, who have been involved in the renovation business 2 years or less, see figure 3.2.6a below.

It is interesting to note that 46% of the home renovation contractors have never been involved in new home construction, and of the remaining 54%, 15% have been involved in new home construction for 15 years or longer.

NUMBER OF YEARS IN THE HOME RENOVATION BUSINESS

NO. OF YEARS IN RENOVATION BUSINESS	HOME RENOVATION CONTRACTORS	% OF TOTAL	NEW HOME CONTRACTORS	% OF TOTAL
0				
1			6	38
2			5	31
3	9	27	1	6
4	5	15	1	6
5	6	18		
6 - 10	6	18	1	6
11 - 15	1	3		
15+	6	18	2	12
TOTAL	33		16	

Figure 3.2.6a

3.2.7 Previous Business

The survey asked Alberta's home renovation contractors and new home contractors to specify their previous businesses. The majority of the renovation contractors' background is that of a tradesman. Some have had university training. The survey showed 79% of the home renovation contractors' previous business was involvement of some sort in the construction industry. 87% of the new home contractors' previous business was involvement in housing or construction.

3.2.8 Size of Business by Number of Full and Part Time Employees

The home renovation contractors, new home contractors, and home renovation trades are companies that operate with a low number of employees, particularly today. Many of the new home contractors use the same employees in renovations to reduce overhead. The overall number of employees in both cases is small.

In 1981, 1982, and 1984, over 33% of home renovation contractors have part time employees. They have an average of less than 3 employees including full and part time.

Very few new home contractors employ part time employees in the renovation business. In 1981 and 1982, more than 50% of the new home contractors were not involved in the home renovation business. Of the remaining, 32% had two or less employees involved in renovations. In 1984, 81% of the responding new home contractors in the renovation business had 3 or fewer employees.

In 1981 and 1982 about 30% of home renovation industry trades had part time employees. The majority had a total of two employees in 1981 and 1982, including full and part time. This condition remains in 1984.

3.2.9 Amount of Work Subcontracted and Amount Done By Own Forces

The survey asked Alberta's home renovation contractors and new home contractors about the amount of work subcontracted and the amount of work done by their own forces.

In most cases, home renovation contractors subcontract out much of their renovation work. They survey showed 52% or so subcontract foundations, over 60% subcontract weeping tile, only 9% subcontract framing, 36% subcontract siding, 73% subcontract eavestroughing, 82% subcontract electrical, 85% subcontract plumbing, 73% heating, 64% roofing, 27% painting, 78% flooring, 66% cabinets, and 48% subcontract landscaping.

The carpentry intensive areas, some foundations, framing, siding installation, insulation and drywall, and finishing carpentry are usually done by the renovation contractor's own forces.

As in new home construction, the new home contractor in home renovations subcontracts as much work as possible to substrades, or much as 90% by many contractors. Some of the new home contractors do some of their own carpentry work such as framing, wood siding, and finish carpentry. A few do small roofing, insulating and landscaping projects, but overall, substrades are used wherever possible.

3.3 The Market

There are many different ways and means by which industry organizations, building material suppliers, home renovation contractors, new home contractors, and trades market their businesses. Most of the firms surveyed did marketing to acquire new work. This section outlines how the various firms pursue the home renovation market, what action is taken to stimulate renovations, what each firm's share of the market is, changing market trends, renovations done on a speculative basis, products made in Alberta, and helpful market information that is required by those involved in the industry.

3.3.1 Marketing

All of the firms surveyed pursue the renovation market in some fashion. Of the industry organizations surveyed, 5 out of 7 of them reported that their members were planning to become more involved in the renovation industry. The members of the industry organizations in most cases see the renovation market as a major growing opportunity and intend to become more involved in residential renovation.

Seventy-nine percent of the building material suppliers actively pursue the home renovation market - half of these very actively. Over half of those that are not pursuing the renovation market today plan to do so in the future. Those who are pursuing the market do so mainly by advertising, many depend on word of mouth referrals, many call directly on builders and homeowners, many using show rooms, and trade shows. Others are actively pursuing the do-it-yourself market and call on retailers.

Renovation industry trades obtain much of their new renovation business mainly by word of mouth referals, based on reputation. Advertising is next of importance, followed by canvassing door to door and by telephone. Renovation contractors are canvassed as well.

The home renovation market is growing for many reasons. Homeowners are not as mobile as they were in the past. Equity is not building as quickly as it did in an inflationary market a few years prior. Homeowners are staying in their homes and renovating, adding a family room or bedroom, finishing their basements, remodelling older areas of the home.

Many homeowners who would have moved to a new home in the past are unable to sell their existing homes today for what they consider reasonable prices. This is generally due to the poor state of the present (1984) Alberta real estate market. Many people are remaining in their homes because of high interest rates; they are using savings to renovate instead. The high replacement cost of new housing is causing many to renovate their homes. Some would rather renovate and upgrade rather than move from an area they like.

Some market trend changes are obvious. For many reasons mentioned above, the size of the average renovation is larger - more dollars are being spent on individual jobs. The availability of new products and ideas today entice the customers, the consumer is much more knowledgeable. More renovation work is available and under construction than in past years. Also, it is not the older homes being renovated, but also homes just a few years old.

3.3.2 Action Taken to Stimulate Renovations; Market Strategies

Most of the industry organizations surveyed are taking action to stimulate renovations. Major actions taken include the formation of renovator's committees to deal with industry problems, to educate and keep members informed. Other actions are to allow members to advertise and display their products and expertise at monthly general meetings and trade shows.

Only 11% of the building material suppliers surveyed did not have specific marketing strategies. Some specific strategies of building material suppliers are as follows:

a) Aggresive advertising programs and in-store merchandising.

b) Product meetings with retail outlet staff.

c) Changing to renovation orientated products, such as replacement door products.

d) Qualified installations and courteous service.

e) Participation in more trade shows.

f) Increasing number of dealers and increasing amount of dealer advertising.

g) Increase list of services and products offered.

h) Look at opening retail stores.

i) Opening retail renovation divisions.

Home renovation trades mainly advertise, particularly in the Yellow Pages, newspapers, blue book, T.V. guide; many use job signs, trade shows and the radio. Many rely on salespeople to canvass by telephone, distribute door to door leaflets, many use show rooms and person to person contact.

3.3.3 Market Share

Industry organizations, building material suppliers, and renovation contractors were asked to estimate their share of the home renovation market in which their firm compete.

Two significant industry organizations estimated the market share of their members, some 4,000 in total. The Alberta Home Builders' Association feels that their provincial membership had about 10% of the total market share in 1981 and 1982, and that this has increased to about 30% today. The Canadian Home Builders' Association estimated that their members had approximately 30% of the market share in 1981, 40% in 1982, and 50% today. The growing importance of the renovation industry is becoming more obvious. The reasons given for the increasing market share were:

a) People are staying in their homes rather than buying new. They are not as mobile as in the past, equity in their present home is not increasing as quickly as it did in a booming, inflationary market. They are improving and renovating their present homes.

b) Renovations have not been that important to members in the past; new housing has been the major focus. Because of the downturn in housing, more members are actively pursuing the renovation market to survive. Overall, five out of seven of industry organizations see the home renovation market increasing for their members since last year.

The building material suppliers found it difficult to predict their market share. More than 62% would not guess. The balance thought the local market share of their firms was less than 10%. The majority reported that renovation business was on the increase. Of those surveyed, 28% thought renovation business would stay the same, 54% thought renovation business would increase. It was surprising to find that 11% of the building material suppliers thought business would decrease.

Building material suppliers gave many reasons for the increasing volume of renovation business. The most noticeable were:

a) people are unable to sell their existing homes for reasonable prices in order to buy new homes; they are renovating instead;

b) people are remaining in their homes because of high interest rates; they are using savings to renovate instead;

c) high replacement costs for new homes causes many people to renovate; and

d) many people want to upgrade rather than move from an area they like.

The few that thought business was decreasing felt:

a) poor economic conditions cause people to save, not spend money, and

b) many people are unemployed and doing their own renovation and repair work.

The building material suppliers who thought business would stay about the same thought so because:

a) there is a lack of consumer confidence in the overall Alberta economic climate,

b) people are cautious about spending money on renovations; they are not sure yet as to how long their jobs may last,

c) people can't afford to renovate, many apartments that badly require renovating do not fall under government programs, and

d) we are still in a recession.

In 1981, 1982, and today, it was found that 67% of the renovation contractors estimated that they had less than 1% of the local market share. Only 9% thought they had more than 5% of the local market share. Of those surveyed, 24% did not respond.

New home contractors had similar assessments as those of the home renovation contractors. In 1981, 1982, and 1984, 50% or more felt they had less than 1% of the local market share. 12% thought they had between 2% and 5%; more than 30% did not respond.

3.3.4 Changing Market Trends

All five sectors surveyed believed that market trends in home renovations are changing. Industry organizations see market trends increasing as more people are renovating today, more members of their organizations are pursuing the home renovation market due to the overall slow-down of the new home market, and people are not as mobile as in the past; many are staying put and upgrading rather than relocating.

Building material suppliers are actively pursuing new markets, and business volume is increasing rapidly in home renovations.

According to the 94% of home renovation contractors, the home renovation market trends have changed in 1981. Of those surveyed, 76% thought that the main market trend changes are:

a) the market is more competitive than in previous years; there are more contractors in the market, and

b) there is more renovation work available.

Others stated that:

a) renovation jobs are larger and more costly today, due to a disastrous housing market. People are remaining in their homes and renovating or doing additions,

b) getting paid is becoming difficult (because many contractors have gone out of business),

c) the market has slowed and work is harder to find than in the past,

d) more renovation work is available today because the move up housing market has disappeared, and

e) the public is more knowledgeable.

The home renovation contractors were asked how they felt about the overall renovation market for 1985-1986. Of those surveyed, 58% responded that they were optimistic, 9% thought there would be more work available, 24% stated they were approaching this time period rather cautiously, and 6% were pessimistic.

The survey showed 81% of the new home contractors stated market trends have changed since 1981. More than 80% of them believed,

a) more renovation work is available now than in the past,

b) people are not moving as often as they used to; they are renovating instead, and

c) the slow-down in the overall housing industry has forced many contractors into the renovation business.

When new home contractors were asked about the overall renovation market for 1985-1986, the following responses were given:

a) 63% were very optimistic because they had much work to bid,

b) 13% stated they would prefer not to be in the market, but the state of the new home market is forcing them into the renovation business just to survive,

c) 6% thought the market would continue to be slow, and

d) 6% thought the market would stay much the same as it is now.

Over 90% of the home renovation trades responded that market trends have changed since 1981. Of those surveyed, 60% of the trades feel the major reasons for changes in market trends are because business activity is increasing, there is more renovation work available, and more people are staying in their homes today rather than moving.

3.3.5 Spec Renovations

Renovations done on speculation are rare to find in Alberta. Perhaps so few are done because so many in the industry have been badly hurt carrying new home inventory over the past few years. None of the new home contractors surveyed were involved in any speculation renovations.

Only 9% of the home renovation contractors did renovation jobs on spec. One contractor's spec volume was approximately $65,000; another did two to three spec jobs a year, $100,000 to $150,000 volume; a larger contractor carried out a dozen or so spec jobs per year. Another home renovation contractor was considering renovating an older downtown apartment on spec next year. Overall, home renovations done on spec in Alberta are scarce.

3.3.6 Made in Alberta Products

57% of the industry organizations estimated that they sell or use Alberta made products. 43% did not respond. It was found that 30% of the materials sold or used by the provincial industry organization members were made in Alberta products.

Two local industry organizations estimated that 25% and 50% respectively of the materials sold or used by their members were made in Alberta products. The cement association estimated that 100% of the materials they sold or used were made in Alberta products.

PERCENTAGE OF TOTAL SALES OF MADE IN ALBERTA PRODUCTS

SALES OF MADE IN ALBERTA PRODUCTS AS A PERCENTAGE OF TOTAL SALES	NO. OF SUPPLIERS	% OF TOTAL
0	7	25
1% to 5%	3	11
6% to 20%	3	11
21% to 40%	2	7
41% to 60%	3	11
61% to 80%	2	7
81% to 100%	5	18
No Response	3	11
TOTAL	28	

Figure 3.3.6a

3.3.7 Methods of Financing Renovations

Alberta's home renovation contractors and new home contractors were asked how the customer finances the renovation job. The responses were similar.

The home renovation contractor responded that a variety of methods of financing are used by homeowners. Of those surveyed, 56% stated homeowners used cash from savings, 24% stated financing came from mortgage proceeds, 18% government grants, and 2% other methods, such as personal loans.

The survey showed 54% of new home contractors replied that cash from savings was used, 32% replied mortgage proceeds, 7% government grants, and 7% bank loans, or other sources.

3.3.8 Need for Market Information

All industry organizations, building suppliers, home renovation contractors, new home contractors, and home renovation trades replied that they would like to receive more information on the renovation market. Table 3.3.8a below summarizes the requests.

INFORMATION REQUIRED ON THE RENOVATION MARKET

Market Information	Industry Organiz.	Building Material Suppliers	Renovation Contractors	New Home Contract.	Trades
a) Program available to encourage Alta. mfg. products.		X			
b) Market stats. on renovations.	X	X		X	X
c) Awareness & info on current gov't. programs.	X	X	X	X	X
d) Renovation workshops that may be available.	X	X	X		
e) Who are the renovation contractors.		X			
f) Info. on the overall size of the Alta. home renovation market.	X			X	
g) Types of renovation work frequently desired.				X	
h) The range of margins received by renovators.				X	
i) Any material relating to renovations.	X		X		X
j) List of customers planning to renovate.					X
k) Any code & regulation changes in renovations.			X		
l) Info. on new research, training opportunities.			X		
m) Availability of new products.			X		

Figure 3.3.8a

3.4 Pricing

This subject was regarded by all surveyed as crucial for the firm to survive and make a profit. Knowledge about past and current construction techniques and materials, alertness, carefulness, and attention to detail are all required to prepare good estimates which foresee and take account of the unexpected changes and additions which usually happen on the job. These difficulties are even harder to overcome without good plans and specifications. Estimating and bidding are special skills that are hard to acquire for those in the home renovation business. Unlike new construction, where the product and process is more standardized and easily scheduled, home renovations are unique with each structure being different from the next and with each having its own peculiarities.

3.4.1 Estimating Practices

Estimating practices are similar to many instances for building material suppliers, home renovation contractors, new home contractors and renovation trades. Figure 3.4.1a below summarizes those arrangements.

ESTIMATING PRACTICES

Estimating Practices	Building Material Suppliers	Renovation Contractors	New Home Contract.	Trades
a) Site measurement - quotation.	39%	55%	69%	65%
b) Salespeople quote from fixed price lists.				9%
c) Estimate by hourly rate or square footage price.				13%
d) Review prepared plans.		33%		3%
e) Fixed price after reviewing plans and specifications.			13%	
f) Have a subtrade "open house" - after quotes come in price is reviewed with the customer.	14%		12%	
g) Showroom visitation and quotation.				
h) Guaranteed prices for six months.	4%			
i) Prices for contractors - bid their plans & specs., help customers selct optional items.	7%			
j) Estimate on telephone	4%			
k) No response	32%	12%	6%	9%

Figure 3.4.1a

The majority of building material suppliers use job-site measurements, and showroom visits to quote the job. The survey showed 88% of the home renovation contractors did a site visit, reviewed what exactly had to be done, prepared plans and specs, if necessary, pricing done, and quotation submitted, or they bid the customer's plans and specifications. 69% of the new home contractors make an initial site visit, and use their estimators to prepare a price. Of those surveyed, 65% of the home renovation trades visit the job-site, do a site measurement, and give a quotation.

3.4.2 Set Price or Cost Plus

Alberta's building material suppliers, home renovation contractors, new home contractors, and home renovation trades were asked whether they preferred to negotiate with the customer a set price or cost plus. For many reasons, the fixed or set price is preferred.

Of the building material suppliers that responded, two for every one response preferred set price over cost plus. The survey showed 77% of the home renovation contractors preferred to quote on a fixed price basis. The survey showed 88% of new home contractors and 80% of renovation industry trades preferred the set price method.

Figures 3.4.2a and 3.4.2b below outlines the various reasons why the various firms preferred fixed price or cost plus.

PRICE CONTRACTS

Reason for Fixed Price	Building Material Suppliers	Renovation Contractors	New Home Contract.	Trades
a) Both parties know exactly what to expect. There is no misunderstanding about the price once the job has been completed.		57%	56%	12%
b) Customer wants a firm price before the job is started.			19%	9%
c) Customer needs to know the end price so that financing can be arranged.			13%	
d) Fewer problems result once customer knows at the beginning what he is getting for his dollar.	4%	20%		
e) Industry Standard.	7%			27%
f) Method of quoting requires a set price by customer or client.	8%			
g) No Response	69%	10%		32%

Figure 3.4.2a

COST PLUS CONTRACTS

Reason for Cost Plus	Building Material Suppliers	Renovation Contractors	New Home Contract.	Trades
a) Customers change their minds too often after the job starts.	4%			
b) On older homes we are not sure what to quote until dismantling of the existing home starts. We have to see the unforseen before we bid.	4%	7%	6%	10%
c) Fairer to both parties.				6%
d) Cost plus is used so the customer can see exactly what he is paying for.		3%		
e) Cost plus guarantees the home renovation contractor a profit.		3%	6%	
f) No response.	69%	10%	0%	4%

Figures 3.4.2b

3.4.3 Plans and Specifications

Home renovation contractors, new home contractors, and renovation industry trades were asked in the survey what arrangements are mde for plan and specification preparation.

The survey showed 67% of the home renovation contractors either prepare plans and specifications for their customers, or send them out to a recommended architect or draftsman. The survey showed 27% of home renovation contractors leave the responsibility of plans and specifications to the customer.

Of those surveyed, 75% of the plan and specifications preparation is done in-house by the new home contractor, 19% is done by the customer or his architect or draftsman. The new home builders' new house plan draftsman, in most cases, does the renovation drawings, too.

Of those surveyed, 45% of the home renovation trades bid on plans and specs that are prepared by the customer or his architect, 15% of the preparation is done by the trade himself, and 25% of the plan and spec preparation is done in-house by the general contractor he is working for.

PLAN AND SPECIFICATION PREPARATION

Plans and Specifications	Renovation Contractors	New Home Contractors	Trades
a) Done in-house	61%	75%	15%
b) Done by the customer or his draftsman	27%	19%	45%
c) Send the customer to an architect or draftsman	6%		
d) Done by general contractor			25%
e) No response	6%	6%	15%

Figure 3.4.3a

3.4.4 Do-It-Yourself Homeowners, Contractors & Subtrades

The building material suppliers were asked to estimate the ratio of work split between do-it-your homeowners, contractors, and subtrades in the survey. It was found that the larger portion of home renovations is done by do-it-yourself homeowners. The survey shows 32% of the do-it-yourself homeowners do in excess of 45% of the home renovation work today, and it is estimated that they will do the same next year. 21% of the home renovation contractors do more than 45% of today's home renovation work and it is estimated that they will increase slightly to 25% next year. The survey shows 18% of the trades do more than 45% of the renovation work today, which will decline to about 11% next year.

Industry organizations were polled as well. In all industry organizations surveyed, with the exception of one, home renovations done by do-it-yourself homeowners has remained constant from 1981 to present. The Canadian Home Builders' Association feels that renovation work done by do-it-yourself homeowners has decreased 25% since 1982. Four out of seven of the industry organizations that responded believed that the subtrade share of the market was declining and that the contractor work was increasing, with the exception of one association who felt subtrade work was increasing and contractor work was remaining constant.

DO-IT-YOURSELF HOMEOWNERS, CONTRACTORS, AND SUBTRADES

PERCENTAGE	TODAY			NEXT YEAR		
	DO-IT-YOURSELF HOMEOWNER	CONTRACTORS	SUBTRADES	DO-IT-YOURSELF HOMEOWNER	CONTRACTORS	SUBTRADES
0 - 5%	1		1			7
6 - 10%	1	5	4	1	3	2
11 - 15%		1	1		2	1
16 - 20%	1	1	1		1	
21 - 25%	3	2	2	3	2	3
26 - 30%	2	4	3	3	2	2
31 - 35%	2	2	2	1	2	1
36 - 40%	3	2		3	1	3
41 - 45%	1				1	
46 - 50%	3	4	3	3	4	2
51 - 55%						
56 - 60%	2		1		1	
61 - 65%						
66 - 70%		1		3	1	
71 - 75%	3	1		2		
76 - 80%			1	1		1
81 - 85%	1					
86 - 90%						
91 - 95%						
96 - 100%						
No Response	5	5	11	8	8	6
TOTAL	28	28	28	28	28	28

Figure 3.4.4a

3.4.5 Renovations vs. New Home Construction

The home renovation contractors were surveyed to determine what percentage were involved in home renovations and new home construction. Of the 33 home renovation contractor responses, 55% of the contractors did no new home construction, and only 24% of the home renovation contractors did more than 50% of their business in new home construction. 76% of the home renovation contractors did 50% of more of their business in renovations. 18% of the home renovation constractors were involved in business other than new home construction and new home renovations.

NEW HOME CONSTRUCTION VS. HOME RENOVATIONS

PERCENTAGE	NEW HOME CONSTRUCTION	%	HOME RENOVATIONS	%	OTHER	%
0	18	55			26	79
10	1	3			4	12
20	4	12	3	9	1	3
30	1	3	2	6		
40			2	6		
50	3	9	2	6	1	3
60	2	6				
70	2	6	2	6		
80	1	3	3	9		
90			1	3		
100			17	52		
No Response	1	3	1	3	1	3
TOTAL	33		33		33	

Figure 3.4.5a

Industry organizations have regional variations around the province. A.H.B.A. sees their members involved in 80% of new home construction and 20% of renovations. The Red Deer Association sees their members doing 25% new home construction versus 75% renovations. The Lethbridge Association's members are doing 50% renovations and 50% new home construction.

3.4.6 Renovations vs. Upgrading

The home renovation trades were asked to show the percentage difference of the amount of home renovation business that is new renovations, i.e., additions, new construction as compared to upgrading the old structure. It was found, as indicated in Figure 3.4.7a below, that more than 50% of the work of 68% of the trades surveyed is concerned with upgrading.

PERCENTAGE NEW RENOVATION	UPGRADING	NO. OF TRADES RESPONSE	%
0	100	2	6
5	95	1	3
10	90	1	3
15	85	1	3
20	80	1	3
25	75	2	6
30	70	0	
35	65	2	6
40	60	6	19
45	55	0	
50	50	6	19
55	45	0	
60	40	3	10
65	35	0	
70	30	2	6
75	25	1	3
80	20	1	3
85	15	0	
90	10	1	3
95	5	0	
100	0		
No Response		1	3
TOTAL		31	

Figure 3.4.6a

3.4.7 Source of Trades Business

The home renovation industry trades were asked to determine the percentage of business acquired from renovation contractors, as compared to do-it-yourself homeowners. Figure 3.4.8a below indicates that 76% of the trades get less than 50% of their work from home renovation contractors. More than 45% of the home renovation trades get 80% or more of their work from do-it-yourself homeowners. All but 3% get some of their work from do-it-yourself homeowners.

THE PERCENTAGE OF BUSINESS ACQUIRED FROM RENOVATION CONTRACTORS AS COMPARED TO DO-IT-YOURSELF HOMEOWNERS

PERCENTAGE	HOME RENOVATION CONTRACTORS	%	DO-IT YOURSELF HOMEOWNERS	%	OTHER	%
0	4	13	1	3		
5						
10	9	29	2	6		
15	1	3				
20	2	6	1	3		
25	2	6				
30	2	6				
35						
40	1	3			1	3
45						
50	7	23	7	23		
55						
60						
65						
70			2	6		
75			2	6		
80			2	6	1	3
85			1	3		
90			8	26	1	3
95						
100	1	3	3	10		
No Response	2	6	2	6		
TOTAL	31		31			

Figure 3.4.7a

3.4.8 Owner Occupied and Rental Occupied Units

The survey asked the building material suppliers what percentage of jobs supplied/installed are owner occupied versus rental units. Figure 3.4.9a below summarizes that 64% of the suppliers supply to jobs of which 75% or more are owner occupied buildings.

OWNER OCCUPIED AND RENTAL OCCUPIED UNITS

PERCENTAGE OWNER OCCUPIED	PERCENTAGE RENTAL OCCUPIED	SUPPLIERS	% OF TOTAL
100	0	4	14
95	5	7	25
90	10	2	7
85	15		
80	20	3	11
75	25	2	7
70	30		
65	35		
60	40		
55	45		
50	50	3	11
No Response		6	25
TOTAL		28	25

Figure 3.4.8a

3.5 Government Involvement in Home Renovations

The response to the issue of government involvement in the renovation industry varied greatly among industry organizations, building material suppliers, renovation contractors, new home contractors, and renovation industry trades. The majority thought the government should stay involved or become more involved in renovations. Of those who have been in the home renovation business the longest, i.e., home renovation contractors, building material suppliers, and home renovation trades, 80% were in favour of continued or more involvement. Among industry organizations and new home contractors, 60% were for more involvement, 40% for lesser or no involvement to assist and encourage the renovation industry.

The chapters that follow summarize survey responses on how government should or should not be involved in the home renovation industry.

3.5.1 Government Involvement to Assist and Encourage Renovations

Four out of seven industry organizations surveyed thought government should be involved to assist and encourage renovations. Three of seven of those surveyed thought government should not be involved. It should be noted that the Canadian Home Builders' Association and the Alberta Home Builders' Association support various means by which government can assist and encourage renovations.

Of those surveyed, 82% building material suppliers thought government should be involved to assist and encourage renovations. Only 14% thought that government should not be involved at all; 54% thought that government should be more involved, and 28% to be involved to the same degree they are now.

The survey showed 79% of the home renovation contractors thought that government programs should be used to assist and encourage renovations, 40% of the total thought government should be more involved, 12% less involved, and 28% thought involvement should be to the same extent as now.

Of those surveyed, 56% of new home contractors thought that government should be involved to assist and encourage renovations, and 44% thought that government should not be involved.

The survey showed 62% of home renovation trades responded that government programs are good and beneficial, and an additional 29% believe that government programs stimulate the renovation market and produce jobs.

GOVERNMENT INVOLVEMENT TO ASSIST AND ENCOURAGE RENOVATIONS

Major Reasons for Government Involvement	Building Material Suppliers	Renovation Contractors	New Home Contract.	Trades
a) Many cannot afford renovations without assistance.	X			
b) Many potential customers are awaiting a grant or potential program to come.	X			
c) Would help level out significant ups & downs experienced by renovation and construction industry in general.	X			
d) More people need to take charge of gov't programs with stricter rules as to how funds are spent by recipients, to be sure they are for the purpose of creating jobs.	X	X	X	X
e) In many cases, homeowners would not be upgrading their homes to more energy efficient standards without government assistance.	X			

Figure 3.5.1a

REASONS FOR NON-GOVERNMENT INVOLVEMENT

Major Reasons for Non-Involvement	Industry Organiz.	Building Material Suppliers	Renovation Contractors	New Home Contract.
a) Gov't. involvement in terms of short term solutions only distort the market place.	X			X
b) When assistance stops, consumers cry foul - programs too hard to wind-down.				X
c) Government programs are a hassle; too much red tape.	X	X	X	

Figure 3.5.1b

3.5.2 Role of Government in Home Renovations

There are many different roles than governments should play in the home renovation industry. Some of those surveyed have thought that financing would be the obvious role, or the provision of subsidies or grants. Some also thought that mortgage insurance is another role that should be considered.

Some thought that provisions made to lower mortgage rates for longer terms would boost consumer confidence and cause spending in renovations. Others noted that new incentive programs would cause a surge of activity in the industry. Some commented that emphasis of government should be to educate and provide financial incentive to encourage renovation - ultimately, though, those innovative methods must be self-supporting. Government should make the effort to make consumers aware of existing programs.

Two of 7 of industry organizations responded that if government is to be involved, the role played should be that of mortgage insurer. By making money easier to borrow for renovations, more will be spent, benefiting all members. The Canadian Home Builders' Association supports this role and represents 4,000 members in Canada. Another two of seven believed that government should be an information source, play an educational role, and only become involved after consultation with industry to determine strategies. The other three did not respond.

Thirty percent of building material suppliers suggested the role of government should be financing, 8% suggested mortgage insurance, 22% recommended subsidies and 36% recommended grants. The building material suppliers suggested other roles. Of those surveyed, 11% stated that financing subsidized to 3% below current mortgage rates (to about 9%) might stimulate renovations. Of those surveyed, 18% thought that consumer awareness programs on existing government programs would be a helpful role. The survey showed 11% thought the role should be educational, to teach methods of saving money, energy, and improving quality. It should be noted that most supplies stated that grants and subsidies should go to those in financial need.

Of those surveyed, 18% thought that consumer awareness programs on existing government programs would be a helpful role. Eleven percent thought the role should be educational, to teach methods of saving money, energy, and improving quality. It should be noted that most suppliers stated that grants and subsidies should go to those in financial need.

Eleven percent of the home renovation contractors surveyed responded that the role of government should be direct lending, 27% recommended that of mortgage insurer, 29% subsidies, and 23% government grants. The home renovation contractors responded that mortgage insurance may make it easier to borrow money for renovations, thus making more work available - it may encourage people to borrow. They replied government programs keep people working. There was the concern that grants and subsidies should be for the very needy and that only this group receives them. Many thought mortgage insurance would bring more stability to the renovation industry. Other comments were lower interest rate financing for renovations, and improvements to a home should be tax deductible.

If government is to be involved to assist and encourage home renovations, 13% of the new home contractors thought it should be done by way of direct lending, 50% by way of mortgage insurance, 19% by way of subsidies, and 13% through grants. The new home contractors replied that mortgage insurance may encourage private sector lenders to actively promote financing for renovations.

Many builders are unhappy with MICC and CMHC insurance practices, and would like to see government investigate a program similar to the Ontario Renoloan. The new home contractors stated that any program that would stimulate renovations would be good, because it would create badly needed jobs in the construction industry. They replied that subsidies should only be available for the seniors and the very needy. Longer term solutions such as mortgage insurance are required. Bandaid solutions implemented in the past have not worked that well.

According to 25% of the renovation industry trades, if government is to be involved in the renovation industry, the role it should play is direct lending; 8% suggested mortgage insurance, 23% subsidies, 29% grants. Other roles, such as employment stimulation were suggested by 9% of the trades. Figure 3.5.2a below summarizes suggested roles for government in home renovations.

ROLES OF GOVERNMENT IN RENOVATIONS

Roles for Government	Industry Organiz.	Building Material Suppliers	Renovation Contractors	New Home Contract.	Trades
a) Financing		30%	21%	13%	25%
b) Mortgage insurance	29%	8%	27%	50%	8%
c) Subsidies		22%	29%	19%	23%
d) Grants		36%	23%	13%	29%
e) Other - employment stimulation, job creation, lower interest rates.	23%				11%
f) No Response	43%	4%	0	6%	5%

Figure 3.5.2a

3.6 Regulatory Constraints

The renovation contractors, new home contractors, and renovation trades were asked to comment on various regulatory constraints that affect them in the home renovation business. Suprisingly, there seem to be very few at present in Alberta. The following paragraphs outline the areas of regulatory problems.

3.6.1 Building Codes in Renovations

When asked if there are various building codes that make renovation work more difficult, only 3% of the home renovation contractors said yes. The major problem is with the electrical code. Total replacement of the electrical system is sometimes required and some home renovation contractors believe that this requirement is too stringent.

The same reply was made by 19% of the new home contractors. They added that usually plumbing in older homes has to be brought up to present day standards throughout the home as well.

Only 13% of the home renovation trades thought that various building codes made their renovation work more difficult. The electrical contractors confirmed the requirement that the entire electrical system may have to be brought up to present day standards in extensive renovations.

3.6.2 Zoning Bylaws in Renovations

Some home renovation contractors commented that building set-backs regulations restrict them. Some set-back requirements hinder customer's ideas, and cause delays for plan changes. The bylaws restrict one or two foot encroachments into a rear yard. Some commented that zoing restrictions on (illegal) basement suites hinder the renovation industry. They have stated that there is business to be pursued here if the bylaw was altered.

31% of the new home contractors stated that various zoning bylaws make home renovation work more difficult. These contractors made reference to siting requirements, stating that a slight adjustment in the bylaws as they pertain to required side yards and set-backs would be helpful in many instances.

The renovation industry trades replied that zoning bylaws do not restrict them.

3.6.3 Municipal Related Problems

The home renovation contractors were asked to comment on other municipal related problems. They are listed below:

a) until the recent slow-down, obtaining building and development permits have taken too long,

b) building inspectors in home renovations are not sufficiently familiar with renovations which result in some onerous requirements,

c) getting utility and meter hook-ups take too long,

d) plumbing codes are too stringent for the renovation business, and

e) getting inspectors to a job often takes too long.

The survey showed 19% of the new home contractors stated they had other municipal related problems, such as:

a) building inspectors and plan checkers who are unfamiliar with renovation work, and

b) lengthy period to obtain permits,

The main problems for the renovation industry trades are:

a) the length of time required to obtain permits, and

b) building inspectors unfamiliar with home renovation work.

3.6.4 Building Permits

The survey showed 65% of home renovation contractors made application for building permits, 16% replied that the customer made application. 15% of home renovation contractors found published listings of building permits useful. Those who valued them did so because:

a) they let the home renovation contractor know what is going on in the industry, at what price, and where, and

b) many jobs are bid from these lists.

Building permits are applied for by 100% of new home contractors in renovations. 69% stated that published listings of permits are not useful to them. 25% replied they are useful because:

a) it is valuable to know who is bidding what for what price, and

b) they call on permit holders to bid jobs.

The survey showed 61% of home renovation trades indicated that published listings of permits are not useful to them, and 39% replied they are useful because:

a) holders of permits are canvassed in order that quotations may be given, and

b) they are used for market research to determine if the contractor is getting his fair share of the market.

3.7 Renovation Industry Problems

Industry organizations, building material suppliers, home renovation contractors, new home contractors, and home renovation trades share many common problems in the home renovation industry. A variety of problems were listed in the survey questionnaires, and the various organizations and firms were asked to check the problems that affected them the most, and then rank them in order of the most serious to the least serious. They were also asked to comment on other problems not listed. They survey results are summarized below.

The two most serious problems from the industry organization's point of view are a lack of understanding of the renovation industry and developing a trade record. Estimating and bidding, cash flow and financing, and finding work also rank high.

Other comments were received on some of the issues raised in the questionnaire:

a) Business management requires some attention, i.e. education on financial management, monitoring cash flow, customer relations.

b) Finding work that allows for an adequate profit margin.

c) Public education regarding construction costs.

The six most serious problems in the home renovation industry expressed by 58% of the building material suppliers are: (in order of seriousness)

a) finding work,
b) dealing with customers,
c) cash flow and financing,
d) dealing with government regulations,
e) estimating and bidding, and
f) getting paid by customers.

Other problems of building material suppliers are instilling confidence in the buying public, the past reputation of the renovation industry (ie. fly-by-nighters and rip-off-artists), unfamiliarity with gearing advertising and marketing towards

individuals and contractors, unavailability of some products advertised in U.S.A. not available in Canada, confusion over types of insulation and the need for it, difficulties in having full knowledge about products when dealing with the renovation consumer, and getting stuck with contractors going under.

The four most serious problems of 50% of home renovation contractors in order are:

a) cash flow and financing,
b) finding work,
c) availability of appropriately skilled labour, and
d) a lack of understanding of the renovation industry.

Other problems of a lesser nature are that metric conversions and metric materials tend to complicate renovations, as older housing stock is imperial; finding suppliers for custom materials is often difficult; and it was suggested that there are many "fly-by-nighters" in the business who make consumers wary of honest contractors.

The five major problems of new home contractors in order of seriousness are:

a) finding work,
b) developing a track record,
c) lack of understanding of the renovation industry,
d) developing market skills, and
e) estimating and bidding.

Other problems listed by new home contractors are competition with "fly-by-nighters" (recent companies often underestimate a job, lack building experience which causes problems for the homeowner as well as the legitimate contractors in the industry), establishing credibility, dealing with suspicious consumers, and the risk of unknown problems that lead to cost over-runs.

The most serious problems in order of importance to 55% of home renovation trades are:

a) finding work,
b) getting paid by customers,
c) special custom orders, and
d) non-standard materials.

Another problem mentioned but not outlined above is a competitor infamiliar with renovation work bidding below cost.

To summarize, the home renovation industry's major problems are business management, finding work, public education regarding construction costs, cash flow and financing, availability of appropriately skilled labour, a lack of understanding of the home renovation industry, developing a track record, estimating and bidding a renovation job, getting paid by customers, special custom orders, and non-standard construction materials.

4.0 CONCLUSIONS

The major objectives of this study were to develop an understanding of the market and activity of contractors, trades and retail building material suppliers in the home renovation market, to identify future market trends in the home renovation industry, and to survey the key actors in the industry to determine their attitude towards renovations and possible assistance to encourage renovations.

In carrying out these objectives, the study focussed on six major issues:

a) background, and structure of the industry,
b) the market,
c) pricing,
d) government involvement,
e) regulatory constraints, and
f) renovation industry problems.

A brief summary of findings is presented below in terms of these major issues.

Background and Structure of the Industry

The survey of 156 firms in Alberta, upon which this study is based, revealed how the industry is structured and how firms carry on their businesses. The renovation industry is growing and developing in Alberta. The industry is slowly organizing itself and defining its role in the broader construction industry in Alberta.

Responding firms varied in size in terms of their gross sales, ranging from under $10,000 worth of gross sales to those over a million dollars a year. Many of the firms are very young, being in business less than two years, although there are firms with over a decade of experience. Home renovators come from a varied background in terms of prior education and occupation; although some renovators have backgrounds as tradesmen, many have college or university training and have worked in management and professional capacities.

The renovation contractors surveyed collectively do every type of home renovation job possible. The nature of renovation business of the new home contractor in the renovation industry is very similar to the home renovation contractors, consisting mainly of additions, remodelling recreation rooms, larger custom additions, kitchen, bathrooms, new exteriors, and small jobs - handyman type repairs. Renovation business is becoming more important to the new home contractor. A comment made by some of the Alberta Home Builders' Associations contractors is that "home renovations are the only means of survival for many new home contractors today, due to the depressed state of the home building industry." The majority of renovation contractors have worked on jobs of $10,000 or less since 1981. The new home contractors see the average job size starting to increase from $10,000 presently. Renovation contractors, like new home contractors, subcontract as much of the renovation work as possible. Both do some of their own carpentry work such as framing, wood siding, finish carpentry and foundation work. Minor insulation and drywall work are usually done by the firm's forces too.

The Market

Most of the firms surveyed did marketing to acquire new work. Those who pursue the market do so mainly by advertising, many depend upon word of mouth referrals, many call directly on builders and homeowners, many use showrooms and trade shows. Others actively pursue the do-it-yourself market and call on retailers. The market is growing - homeowners are not as mobile as they were in the past. Equity is not building as quickly as it did in an inflationary market a few years prior. Homeowners are staying in their homes and renovating, adding a family room or bedroom, finishing their basements, remodelling older areas of the home. Market trends are changing. The size of the average renovation is becoming larger, the availability of new products and ideas today entice the customers, more renovation work is available and under construction than in past years, and newer homes - not just older ones - are being renovated.

Specific marketing strategies have been implemented by most of those in the renovation business to increase market share. In getting a job, home renovators rely heavily on establishing good relations with potential customers and exercise a keen eye in preparing estimates. Word of mouth referrals from previous customers, friends, architects, and other contractors are the single most important source of new work for the renovation contractor. The overall local market share is very small for many involved in renovations today, but most have positive expectations for an increased market share in the future; most see business volume increasing. Spec renovations in Alberta are rare, and very few contractors surveyed get involved in spec renovations.

Some of the firms surveyed use Alberta made products, but the overall amount of Alberta made materials used in the average renovation job is not significant.

Renovation jobs in Alberta are financed in a variety of ways: cash from savings, financing from mortgage proceeds, government grants and personal loans.

All industry organizations, building material suppliers, home renovation contractors, new home contractors and home renovation trades have a need for more market information on the renovation industry.

Pricing

This subject was regarded by all surveyed as crucial for the firm to survive and make a profit. Knowledge about past and current construction techniques and materials, alertness, carefulness, and attention to detail are all required to prepare good estimates which foresee and take account of the unexpected changes and additions which usually happen on the job. These difficulties are even harder to overcome without good plans and specifications. Estimating and bidding are special skills that are hard to acquire for those in the home renovation business. Unlike new construction, where the product and process is more standardized and easily scheduled, home renovations are unique, with each structure being different from the next because of its own peculiarities. A fixed or set priced contract is preferred by most contractors.

Government Involvement

Response to the issue of government involvement in the renovation industry varied greatly among industry organizations, building materials suppliers, renovation contractors, new home contractors and renovation industry trades. The majority thought the government should stay involved or become more involved in renovations. Of those who have been in the home renovation business the longest, ie., home renovation contractors, building material suppliers and home renovation trades, 80% were in favour of continued or more involvement. Sixty percent of industry organizations and new home contractors surveyed favoured more

government involvement, and 40% wanted less or no involvement to assist and encourage the renovation industry. It was indicated by many that the role of government should be by way of a mortgage insurer.

There are few regulatory constraints affecting renovators in Alberta today. Some with minor changes to plumbing and electrical codes and to various zoning bylaws regarding set back and siting requirements. However, it was noted that building inspectors in home renovations not sufficiently familiar with renovations often result in some onerous requirements and difficulties.

Renovation Industry Problems

There are many problems to all involved in Alberta's home renovation industry. The major problems are business management, finding work, public education regarding construction costs, cash flow and financing, availability of appropriately skilled labour, a lack of understanding of the home renovation industry, developing a track record, estimating and bidding a renovation job, getting paid by customers, special custom orders, and non standard construction materials.

General Conclusions

The Alberta renovation industry is one which is slowly evolving an identity as its member firms become more established and the linkages that exist amoung the contractors, suppliers, designers and customers become more institutionalized and better understood. Home renovation constractors are taking their place on the construction scene in Alberta along side new home builders. The formation of local and provincial organizations of renovators within the strucutre of the Alberta Home Builders Association is a clear indication of growing maturity.

APPENDIX: LIST OF RESPONDENTS TO SURVEY

INDUSTRY ORGANIZATIONS

- Alberta Forest Products Association
- Alberta Mortgage Brokers Association
- Canada Mortgage and Housing Corporation
- Canadian Portland Cement Association
- Calgary Home Builders Association
- Edmonton Home Builders Association
- Lethbridge Home Builders Association
- Red Deer Home Builders Association
- CHBA Renovations Committee
- Alberta Home Builders Association

TOTAL Respondents - 10

BUILDING MATERIAL SUPPLIERS

- Artic Shingling Co. Ltd. (Edmonton)
- Jetco Mechanical (Edmonton)
- Parkview Windows and Woodworking Ltd. (Red Deer)
- Supreme Windows (Edmonton)
- Fibreglass Canada Inc. (Toronto)
- Beaver Lumber Company Ltd. (Edmonton)
- Leydens Glass & Mirror (1983) Ltd. (Red Deer)
- Chancellor Interiors (Edmonton)
- The Fuelmizer Co. Ltd. (Red Deer)
- American Standard Inc. (Edmonton)
- A Clark Shingle Co. Ltd. (Edmonton)
- Cedarwest Building Supplies Ltd. (Edmonton)
- Domtar Construction Materials Ltd. (Edmonton)
- J.H. Oel Mechanical (1978) Ltd. (Calgary)
- Craftsman Floors (Alberta) Ltd. (Edmonton)
- Canadian Cellulose Insulation Ltd. (Edmonton)
- Crane Canada Inc. (Calgary)
- Cronkhite Supply Ltd. (Calgary)
- Alcan Building Products (Edmonton)
- Olsen Plaster and Stucco Ltd. (Medicine Hatj)
- Upglio Fireplace Co. 'Alta.' Ltd. (Edmonton)
- Grier Doors Ltd. (Calgary)
- Alberta Crestwood Cabinets Ltd. (Edmonton)
- Builders Wholesale Appliances (Edmonton)
- Alcan Building Products (Calgary)
- Red Deer Crestwood Cabinets (Red Deer)
- Dudley's Plastering & Stucco Ltd. (Lethbridge)
- Nu Lab Building Products Ltd. (Calgary)

TOTAL Respondents - 28

HOME RENOVATION CONTRACTORS

- Bicanda Renovations (Edmonton)
- Alps Const. Ltd. (St. Albert)
- Willad & sons (Ft. Saskatchewan)
- Cannings Dev. Ltd. (Carbon)
- Crafted Homes Ltd. (Calgary)
- Beichland Builders (Edmonton)
- Vetsch Bros. Const. Ltd. (Edmonton)
- Customized Const. (Edmonton)
- Colonial Building & Renovations (Edmonton)
- Evans - Davies Contracting (Edmonton)
- Ole Jorgenson Const. (Edmonton)
- Oaesdale Management Ltd. (Edmonton)
- ERGC Carpenter Contractors (Edmonton)
- Holywood Const. (Sherwood Park)
- Eastlake Builders (Edmonton)
- M. J. Hubenig - Alteration Contractor (Edmonton)
- New Dimensions (Edmonton)
- Holiday Home Exterior (Edmonton)
- Paintex 2000 (Edmonton)
- Lifestyle Holdings Ltd. (Calgary)
- Artesion Homes (Calgary)
- Redmont Industries Ltd. (Ardrossan)
- Dan Wolff Const. (Edmonton)
- Flow Form Industries (Alberta) Ltd. (Edmonton)
- Black Walnut Renovations (Edmonton)
- One Step Drafting & Renovations (Edmonton)
- Reese Woodwork Ltd. (Edmonton)
- Action Const. Ltd. (Edmonton)
- Alemap Painting & Renovation Ltd. (Edmonton)
- Crossley Const. Ltd. (Calgary)
- Remington Const. Ltd. (Edmonton)

TOTAL Respondents - 33

NEW HOME BUILDERS

- Space Homes (Edmonton)
- Schoof Homes (Edmonton)
- Dave Beeman Custom Homes Ltd. (Calgary)
- Granadon Builders Ltd. (St. Albert)
- Perry Homes of Permanence (Edmonton)
- R. W. Runka Homes (Edmonton)
- Powe's Homes Ltd. (Lethbridge)
- Hillcroft Dev. Ltd. (Calgary)
- Champagne Homes (Edmonton)
- Colony Park Homes (Edmonton)
- Cedar Cliff Homes (St. Albert)
- Alberta Western Homes (Edmonton)
- Prairie Seen Dev. Ltd. (Lethbridge)

- Benville Dev. Ltd. (Edmonton)
- Lincolnberg Dev. Corp. (Edmonton)
- Peter Simons & Sons Const. Ltd. (Lethbridge)
- Stanton Dev. Ltd. (Edmonton)
- Paridon Builders Ltd. (Medicine Hat)
- Genstar Properties Ltd. (Edmonton)
- Avalon Homes (Red Deer)
- Darwed Homes (1979) Ltd. (Edmonton)
- Winfried Const. Ltd. (Medicine Hat)
- Reid Built Homes (Edmonton)
- Flair Homes Ltd. (Edmonton)
- Ken Payne Homes Ltd. (Edmonton)
- Shane Homes Ltd. (Calgary)
- J.T. Miller Const. Ltd. (Red Deer)
- Rohl Const. Ltd. (Edmonton)
- Kention Dev. Corp. (Calgary)
- G. Janssen Homes Ltd. (Calgary)
- Albie Homes Ltd. Calgary)
- Keith Homes Ltd. (Calgary)
- Leiem Const. Ltd. (Ft. McMurray)
- Trigate Homes Ltd. (Red Deer)
- Costain Ltd. (Calgary)
- Waterford Homes Ltd. (Edmonton)
- Preston Const. Ltd. (St. Albert)
- Humford Dev. Ltd. (Edmonton)
- Larden Home Const. (Edmonton)
- Globe Const. Co. Ltd. (Edmonton)
- Qualico Dev. Ltd. (Edmonton)
- MacLachlan & Mitchell Homes (Edmonton)
- Mellcor Homes Ltd. (Edmonton)
- Hillview Homes Ltd. (Edmonton)

TOTAL Respondents - 44

TRADES

- Asty Concrete & Const. Ltd. (Calgary)
- Brink Drywall Ltd. (Calgary)
- Orbit Const. Ltd. (Calgary)
- Fish Creek Excavating Ltd. (Calgary)
- Thiele Drywall (1981) Ltd. (Edmonton)
- Preferred Electric Ltd. (Edmonton)
- Arpi's Industries Ltd. (Calgary)
- Scolly Enterprises Ltd. (Edmonton)
- G&E Landscaping Ltd. (Calgary)
- Cinq Concrete Ltd. (Morrinville)
- St. Albert Precast Ltd. (St. Albert)
- McMullens Heating (Red Deer)
- Diversified Mech. Ltd. (Edmonton)
- Alesco Aluminium (Calgary) Ltd. (Calgary)
- Neudorff Plumbing & Heating Ltd. (Lethbridge)

- Bryant Plumbing (Edmonton)
- AACRO Building Products (Red Deer)
- A Clarke Shingling Ltd. (Edmonton)
- Krispin & Schimanke Roofing Ltd. (Edmonton)
- Allmark Exteriors Ltd. (Edmonton)
- Mastercraft Cabinet Mfg. Ltd. (Edmonton)
- H&R Carpentry Ltd. (Edmonton)
- Rose Electric Ltd. (Calgary)
- Astrino's Carpentry (Edmonton)
- Anited Drywall (Calgary)
- Jostar Interiors Ltd. (Edmonton)
- Ray & Sons Custom Builders Ltd. (Edmonton)
- Plamondon Const. Ltd. (Edmonton)
- Everseen Heating Ltd. (Calgary)
- Fargey's Floors & Interiors Ltd. (Red Deer)
- Craftsman Floors (Alta.) Ltd. (Edmonton)
- Alfred Muller Const. Ltd. (Edmonton)
- Jensen & Sons Roofing Ltd. (St. Albert)
- Gordon Parks Painting Ltd. (Edmonton)
- Gamache Masonry (Edmonton)
- Almeida & Son Concrete Services Ltd. (Edmonton)
- Parsons Electric (1975) Ltd. (Lethbridge)
- Arctic Shingling Co. Ltd. (Edmonton)
- Carefree Kitchens (Lethbridge)
- Leo's Tile & Ceramics (Edmonton)
- Cornell Heating (Red Deer)

TOTAL Respondents - 41

GRAND TOTAL 156